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## Key Points of the APTC

- A tax credit provided by the Internal Revenue Service to make health care more affordable for individuals, families and small businesses.
- This credit is given to families, in advance.
- This credit may be used to offset the cost of the insurance premium.
- Individuals and families may only receive this credit if a QHP was purchased through MNsure.

## MNsurance Application Process with the APTC

- When an individual applies for coverage on the MNsure online application, eligibility for the tax credit is determined with the application.
- If eligible, the tax credit amount is determined by the information entered on the application.
- When Consumers can Claim their Credits
- The consumer can decide how much she wants to use towards the premium cost of the insurance.
- All, some, or none of the tax credit can be used towards the premium cost of the insurance.
- The IRS sends the tax credit directly to the health plan in which the consumer enrolls.
- The consumer reconciles their credits when she files her tax returns.

## APTC Calculation

The tax credit amount is based on the individual or family's:

- Modified Adjusted Gross Income (MAGI).
- Age and geographic area.

The individual or family's annual income is calculated using the Federal Poverty Level (FPL) table.

## APTC Eligibility Qualifications for Individual/Families

Eligible if the individual meets these requirements:

- U.S. citizen or legal resident
- Must file taxes for the benefit year
- Annual income for household size must fall within FPL guidelines.
- Must apply and enroll for a health insurance plan through MNsure.
- If an employer plan is offered, the plan must be deemed as NOT affordable for the employee
  - The insurance premium cost is more than 9.5% of the employee's annual household income, at the time of enrollment.
  - The plans offered do not cover at least 60% of the health care costs.

**Not eligible** for APTC if the individual is...

- Incarcerated
- Eligible for government health insurance, such as Medicare, Medicaid, MinnesotaCare, CHIP, Tricare, VA.)

## **Reconciliation**

- The correct 2014 APTC amount is calculated on actual 2014 income; however, in 2013, most people could only estimate their 2014 income when they applied for coverage.
- Those individuals who claimed their tax credits (on an estimated 2014 income) now have to reconcile based on the actual 2014 income, as reported on their tax return.
- For example:
  - Based on the information Michelle provided on the MNsure application, she was eligible for \$125 tax credits. She chose to use all of it towards the premiums on a Bronze plan.
  - Because the \$125 is actually based on her 2014 income, when she files her 2014 tax returns, the tax credits will be reconciled.
  - She could end up having to repay some or all of the premium tax credit if Michelle underestimated her 2014 income.

## **APTC Uses the Silver Plan as the Benchmark**

- The APTC is calculated using the Silver plan as the benchmark.
- Consumers can use the determined tax credit amount towards the purchase of any metal plan.